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December 11, 1998

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Magalie Roman Salas Office of the Secretary **Federal Communications Commission** 445 12th Street, S.W. Washington, D.C. 20554

Re: CS Docket No. 98-201; RM Nos. 9335 and 9345

Comments of A.H. Belo Corporation

Dear Ms. Salas:

Enclosed herewith, on behalf of A.H. Belo Corporation, are an original and thirteen (13) copies of the COMMENTS OF A.H. BELO CORPORATION in response to the Notice of Proposed Rulemaking, FCC 98-302, in the above referenced proceeding. A copy of the Comments, on diskette, has been sent to Mr. Don Fowler and the International Transcription Service, Inc. as required by the Notice.

Should there be any questions concerning this matter, please contact the undersigned. Thank you for your attention.

Very truly yours,

Iran Rosetta

Oren Rosenthal

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**Enclosures** 

ORIGINAL

# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

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THE COMMENSATIONS COMMISSION

In the Matter of

Satellite Delivery of Network Signals to Unserved Households for Purposes of the Satellite Home Viewer Act

Part 73 Definition and Measurement of Signals of Grade B Intensity

CS Docket No. 98-201 RM No. 9335 RM No. 9345

## COMMENTS OF A.H. BELO CORPORATION

Wiley, Rein & Fielding 1776 K Street, NW Washington, DC 20006 (202) 429-7000

Its Attorneys

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Satellite Delivery of Network Signals to Unserved Households for Purposes of the Satellite Home Viewer Act

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CS Docket No. 98-201 RM No. 9335 RM No. 9345

#### COMMENTS OF A.H. BELO CORPORATION

A.H. Belo Corporation ("Belo"), by its attorneys, hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking ("Notice") in the above-referenced proceeding. Belo is the licensee of 17 television stations located in 14 states. A participant in one of the earlier proceedings leading up to the issuance of the Notice, Belo continues to oppose any change in the definition of Grade B intensity that would impair stations' ability to provide local television programming to members of their local viewing audiences.

#### I. Introduction And Summary

The 1988 Satellite Home Viewer Act ("SHVA" or "Act") prohibits a satellite carrier from retransmitting a network signal to any household that is not an "unserved household." 17 U.S.C. § § 119 (a)(2), (a)(5). Further, the Act defines an "unserved" household as a household that

<sup>&</sup>lt;sup>1</sup> See "Opposition to Petition for Declaratory Ruling and/or Rulemaking of EchoStar Communications Corporation," in RM No. 9345 (September 25, 1998) ("Belo EchoStar Opposition").

cannot receive a "Grade B" signal. Under the FCC's current Grade B standard, a broadcast station's Grade B over-the-air signal is one that provides an acceptable picture that can be received by at least 50% of the audience 50% of the time.<sup>2</sup> In its earlier petition, EchoStar proposed to cut the traditional Grade B service area back to the area in which a signal can be received by 99% of the audience 99% of the time; NRTC's proposal was based on 100% reception.<sup>3</sup> As demonstrated in the attached maps, which compare the current Grade B service area for three Belo stations with their respective service areas under the EchoStar proposal (Exhibit 1), the EchoStar "Grade B" would no longer bear any resemblance to the traditional standard that Congress incorporated into the Act.

Belo is gratified by the Commission's recognition in the *Notice* that any action it might take with regard to the Grade B standard should not go as far as EchoStar and NRTC recommended.<sup>4</sup> Nevertheless, Belo still has concerns about one of the proposals that the *Notice* puts forth for comment: a Grade B standard reflecting reception of an acceptable picture by 50% of the audience more than 90% of the time. The service area under this proposal would be only slightly larger than the rules' current Grade A service area (reception of an acceptable picture by

<sup>&</sup>lt;sup>2</sup> See 47 C.F. R. § 73.683(a); CBS, Inc. v. Primetime 24 Joint Venture, 9 F. Supp. 2d 1333, 1339 (S.D. Fla. 1998) ("[T]he plain language of the [SHVA] adopts the FCC's definition of a grade B signal (an objective test) to determine whether a household is an "unserved household.")

<sup>&</sup>lt;sup>3</sup> See "Petition for Declaratory Ruling and/or Rulemaking of EchoStar Communications Corporation," in RM 9345, at 29 (August 18, 1998); "Emergency Petition for Rulemaking of the National Rural Telecommunications Cooperative," RM 9335, at iii, 19 (July 8, 1998); See also Notice ¶ 9.

<sup>&</sup>lt;sup>4</sup> *Notice* ¶ 28.

70% of the audience 90% of the time). <sup>5</sup> Exhibit 1, which also compares the three Belo stations' current Grade B service areas to their Grade A areas, demonstrates that even this modification would constitute a substantial reduction of what Belo now considers to be these stations' local service areas. Belo also objects to changes (again, advanced by EchoStar<sup>6</sup>) in the method and procedure for taking individual signal measurements.

Belo urges the Commission not to change either its current definition of Grade B signal intensity or the methods used for testing Grade B signal strength. Revision of the Grade B standard at this time would: (a) go beyond the Commission's authority under the SHVA; (b) interfere with stations' ability to serve their local markets; (c) reward DBS providers that misled consumers and ignored applicable provisions of the law; (d) undermine the economic basis of the network-affiliate relationship; and (e) impede promising Congressional efforts to craft an effective solution.

# II. The Proposed Modification Of Grade B Signal Intensity Goes Beyond The Commission's Intended Authority Under The SHVA.

In its *EchoStar Opposition*, Belo joined the National Association of Broadcasters ("NAB") and others in questioning the Commission's legal authority to modify the Grade B signal intensity standard.<sup>7</sup> Thus, Belo has serious reservations regarding the Commission's decision to proceed with possible revisions to the Grade B standard.

<sup>&</sup>lt;sup>5</sup> *Notice* ¶ 32.

<sup>&</sup>lt;sup>6</sup> *Notice* ¶ 9.

<sup>&</sup>lt;sup>7</sup> See Belo EchoStar Opposition at 6-7; "NAB Comments to EchoStar Petition," in RM No. 9345, at 21-26 (September 25, 1998); "NAB Further Response to NTRC Petition," in RM No. 9335, at 6 (September 4, 1998); "Network Affiliated Stations Alliance (NASA) Comments to EchoStar Petition," in RM No. 9345, at 4, 17, 21, 24-26 (September 25, 1998); "SBCA (Continued...)

As Belo previously pointed out, questions exist as to whether the Commission can use a copyright statute, enacted by Congress for the limited purpose of creating a compulsory license to enable truly unserved households to obtain network programming via DBS, to advance another policy goal cited in the *Notice*: to promote competition among multichannel video programming distributors. Ironically, the *Notice* recognizes that Congress' primary intent in enacting the SHVA as a copyright law was to preserve "the economic viability of local stations specifically those affiliated with national broadcast networks" in order to maintain an "important source of local information" --- a goal placed in jeopardy by actions that the *Notice* proposes. Even though fostering competition may be an appropriate role for the Commission in other contexts, Belo submits that Congress, not the Commission, must revise the SHVA to serve a new and additional policy objective.

Although the Commission initially concludes that the definition of Grade B is not "frozen" in the SHVA, <sup>10</sup> Belo is pleased that the *Notice* at least views Commission jurisdiction in this area as limited. Belo supports the Commission's apparent inclination to limit any changes to the SHVA context only, to avoid unleashing unintended and disruptive changes in other regulatory areas that are based on the definition of Grade B. <sup>11</sup> Belo also agrees with the

Comments to EchoStar Petition," in RM 9345, at 1-7 (September 25, 1998).

<sup>(...</sup>Continued)

<sup>&</sup>lt;sup>8</sup> *Notice* ¶ 15.

<sup>&</sup>lt;sup>9</sup> *Notice* ¶ 3.

<sup>&</sup>lt;sup>10</sup> *Notice* ¶ 20.

<sup>&</sup>lt;sup>11</sup> *Notice* ¶ 22.

Commission's conclusion that the SHVA limits the Grade B-related proposals it can make and, in particular, that the Commission does not appear to have statutory authority, in effect, to reverse judicial rulings against unlawful DBS distribution of network signals.<sup>12</sup> Finally, as shown in Belo's initial Comments to the EchoStar petition and as noted by the Commission, the existence of the current Grade A standard necessarily constrains the Commission's ability to reduce the Grade B service area.<sup>13</sup>

#### III. The Proposal Would Interfere With Local Stations' Ability To Serve Their Markets.

Of paramount importance to Belo is the proposal's potential impact on local broadcast service. It is clear that Congress did not intend for the distant network feeds that DBS providers currently offer subscribers to become a widely available substitute for local television service.

Rather, Congress created a limited compulsory license for DBS retransmission of distant network signals only in very limited circumstances where no local service is available.<sup>14</sup> The

<sup>&</sup>lt;sup>12</sup> *Notice* ¶ 15.

<sup>&</sup>lt;sup>13</sup> *Notice* ¶ 28.

Two separate House Committee Reports pertaining to the 1988 SHVA expressly state that the "white area exception" was enacted "in recognition of the fact that a small percentage of television households cannot now receive clear signals embodying the programming of the three national television networks." House Judiciary Committee Report, H.R. Rep. No. 100-887, pt. 1, at 18 (emphasis added), reprinted in 1988 U.S.C.C.A.N. 5611, 5621; accord House Energy and Commerce Committee Report, H.R. Rep. No. 100-887, pt. 2, at 19 (1988) (emphasis added), reprinted in 1988 U.S.C.C.A.N. 5638, 5648. Further, the House Energy and Commerce Committee expressly characterized these unserved white areas as "typically rural." Id. Congress repeated this characterization in enacting the Satellite Home Viewer Act of 1994 [the "1994 SHVA"], Pub. L. No. 103-369 § 2, 108 Stat. 3477 (1994). At that time, the Senate Judiciary Committee reported that it "is especially aware of the importance of home satellite viewing to households in rural areas." S. Rep. No. 103-407, at 8 (1994) (emphasis added).

Commission, too, has recognized "the important role that local broadcast stations play in their communities." *Notice*, at ¶ 15.

Belo stations take pride in being among the many local broadcasters that render a valuable service to their local viewing audiences by providing a free source of information about local events and topics of local interest – something that DBS providers currently do not offer. What is more, many of the local events and news stories that the Belo stations cover come from communities located in the area outside their respective Grade A contours. The three Belo stations whose existing and proposed coverage areas are compared in Exhibit 1 are cases in point.

Among the most critical local coverage broadcasters provide is up-to-the-minute weather and emergency warnings and information. Belo's Dallas station, WFAA-TV, has installed an advanced radar weather system, "DopplerNet," which employs two Doppler radar facilities, one of which is owned by Belo and the other by a public educational institution in Corsicana, Texas. This system enables WFAA-TV to provide detailed and comprehensive weather alerts and information throughout its current Grade B area. Belo's Sacramento station, KXTV, also provides extensive coverage during severe weather conditions and other emergencies. During massive floods in 1992 and 1997, KXTV issued alerts and warnings aimed at specific communities outside its Grade A area in Sutter and Yuba Counties. The coverage also included detailed advisories on evacuation procedures and emergency resources. During the devastating 1992 fires in the Stanislaus National Forest, alerts and warnings were issued to the Calaveras County communities of San Andreas, Mountain Ranch, Fricot City and Arnold. Hurricanes are of particular concern to the viewing area of Hampton, Virginia Station WVEC-TV. During

previous hurricane seasons and, most recently, during Hurricane Bonnie in August, 1998, the station provided continuous weather and emergency crawls, directing all of its reports and warnings to communities throughout its Grade B area, including those at the edges of its Grade A service area and beyond.

In addition to weather and emergency coverage, these stations provide extensive coverage of local news and events, including periodic newscasts originating from communities throughout the coverage area, including those on or beyond the outer edges of the Grade A area. KXTV, for instance, goes on location for newscasts and weather from outlying communities such as Placerville, Marysville and Nevada City. Through its "News Tour" and "13 Listens" features, WVEC-TV provides "on location" coverage of news and events from market communities, including those in the Grade A and B fringe areas.

The SHVA currently grants DBS providers a copyright license to transmit distant network signals that do not contain these valuable local services. Congress clearly limited this license to serve as a "last resort" for making network programming available to viewers who have no local, over-the-air network service available.<sup>15</sup> If a revised Grade B standard permits DBS providers to transmit distant network signals to households that can receive local signals with the proper antenna, <sup>16</sup> many viewers will lose access to the kinds of programming and

<sup>&</sup>lt;sup>15</sup> Notice ¶ 2, Fn 3.

The Notice also requests comment on the methodology for measuring signal strength at individual locations. In this regard, Belo takes issue with testing procedures proposed by EchoStar and described in the Notice at ¶ 9. Specifically, to assume that most rooftop antennas are not equipped with rotor capability or to assume that viewers are unwilling to or incapable of changing an antenna's direction seems quite unrealistic. Nor is it reasonable to base the standard on the lowest quality equipment or the most egregious signal attenuation due to use of an (Continued...)

information described above. As the over-the-air audience of a local affiliate shrinks, advertising revenues will undergo corresponding reductions. Not only will the households that subscribe to satellite delivery systems be deprived of the local service, but local service to all households located in areas redefined as "unserved" will diminish. These scenarios, which will likely result from proposed redefinition of the Grade B standard, provide more than enough reason to keep the definition of "unserved" households as narrow as possible.

# IV. Changing The Grade B Standard At This Time Would Legitimize The Illegal Actions And Misleading Marketing Efforts Of DBS Providers.

Belo is not unsympathetic to the plight of DBS subscribers who face the prospect of having their network signals cut off. Nevertheless, Belo continues to urge the Commission to bear in mind that the current "crisis" in network distribution is largely of the DBS industry's own making.<sup>17</sup> Indeed, the Commission is well aware of judicial findings that DBS carriers have engaged in widespread violations of the SHVA's prohibition on delivery of network signals to households that receive over-the-air network service.<sup>18</sup> Accordingly, if any solution is available other than a "bail out" of carriers who ignored the law and engaged in questionable and misleading sales practices, the Commission should pursue it rather than taking actions that would appear to reward certain carriers' reprehensible conduct. (And, as noted in Section VI below, such an alternative is available and already under active consideration by Congress.)

<sup>(...</sup>Continued) excessive number of splitters.

<sup>&</sup>lt;sup>17</sup> See, "Broadcasters Give DBS a Reprieve," The Hollywood Reporter, August 31, 1998; "Injunction and Summary Judgment Entered Against Primetime 24," Satellite Week, July 20, 1998; Notice ¶ 15.

# V. The Proposal Would Jeopardize The Integrity Of The Network/Affiliate Relationship.

As the Commission also recognizes, a system of broadcasting based on local stations serving as outlets for national network programming has served the country well for many years. Over the years, the Commission has adopted a number of rules in furtherance of the integrity of this system. In addition to territorial limits on exclusivity of syndicated programming, existing rules applicable to cable TV also are designed to foster a network affiliation system that assumes exclusivity within the source area. *See, e.g.* 47 C.F.R. § 73. 658(m) (territorial limit rules), 47 C.F.R. § 76.92 (1997) (cable system must delete duplicative non-local network programming upon request of the local affiliate with network non-duplication rights); 47 C.F.R. §§ 76.151, 76.153 (1997) (cable system must delete duplicative non-local syndicated programming upon request of a program supplier or a local station with exclusive rights). A modification of the Grade B standard that would dramatically shrink the existing service areas of local stations – even if limited to the SHVA context – would undermine the carefully developed economic relationship between affiliates and their networks.

#### VI. The Proposal Would Impede Promising Congressional Efforts.

As a result of recent technological advances, "local-into-local" distribution of network signals affords a more effective, fairer means of incorporating broadcast network programming into the service packages being received by DBS subscribers. While legislation to provide

<sup>(...</sup>Continued)

<sup>&</sup>lt;sup>18</sup> *Notice* ¶¶ 6-8

<sup>&</sup>lt;sup>19</sup> *Notice* ¶ 3

"local-into-local" service failed to come to a full vote in 1998,<sup>20</sup> House Commerce Committee Chairman Bliley (R-Va) and Senate Commerce Committee Chairman McCain (R-Ariz.) are committed to reintroducing this legislation in the next session.<sup>21</sup>

However, to DBS providers' apparent dissatisfaction, these legislative proposals would require satellite providers to carry, upon request, all non-duplicative broadcast signals located within the relevant local market in order to qualify for such a compulsory license. This solution represents the current equilibrium point in a delicate legislative process which must balance the interests of broadcasters, satellite carriers, cable providers, and the public. While it is unclear at the present time exactly where the ultimate balance will be struck, the Commission should refrain from taking any action now that would tend to compromise Congress' ultimate ability to craft a solution.

"Local-into-local" is the most promising solution to the problem of network

programming availability. It would make broadcasters' local programming available to DBS

subscribers and would preserve the economic integrity of the network/affiliate relationship. Belo
strongly supports this legislation to amend the SHVA to provide for "local-into-local"

distribution, with appropriate must-carry and retransmission consent rights for local stations.

Indeed, it is only fair that in exchange for their valuable copyright license DBS providers should
be willing to accept obligations to which their competing distribution media are subject. Rather

<sup>&</sup>lt;sup>20</sup> See H.R. 2921 (1998); S. 2494 (1998).

<sup>&</sup>lt;sup>21</sup> See 144 Cong. Rec. E1999 (Sept 10, 1998) ("I [Bliley] just would like to state for the record, my firm commitment to revisiting and resolving these issues in a comprehensive manner early next year..."); Statement of Senator John McCain Chairman, Senate Committee on Commerce, Science, and Transportation: Full Committee Hearing on S. 2494, The Multichannel Video (Continued...)

than advancing the interests of consumers in the long run, precipitous adoption of Grade B signal redefinition proposals could have the unfortunate effect of destroying the momentum building for a legislative effort that promises ultimately to provide a more effective solution.

#### VII. Conclusion

There is a strong possibility that modification of the Grade B standard -- whether it consists of drastic revisions or just well-intended "tinkering" -- will unleash a series of unintended and unfortunate consequences, including some that are harmful to the valuable local programming and information that Belo and other broadcasters provide to the public. A better alternative -- "local-into-local" legislation -- is under consideration and within reach. Belo submits that this approach can provide a fair, workable and effective means of insuring widespread availability of network programming without the obvious disadvantages of Grade B modification. For these reasons, the Commission should refrain from interfering with a standard that has been central to broadcast regulatory policy and that has worked well for years. To do so at this time would encourage would-be violators of the Commission's rules to ignore the rules and then seek a "bail out." More important, however, by damaging the integrity of the network/affiliate system of broadcasting, it would impair broadcasters' ability to provide programming of vital interest to local audiences. Accordingly, Belo respectfully urges the Commission to refrain from adopting any of the proposed modifications to the definition of Grade B signal intensity and, instead, to throw its support behind Congressional efforts to devise a more comprehensive and promising solution.

(...Continued)
Competition Act of 1998 (October 1, 1998)

### Respectfully submitted,

### A.H. BELO CORPORATION

December 11, 1998

By:

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P. 14

FROM WILEY. REIN & FIELDING

12.18.1998 17:35

# DECLARATION OF MICHAEL J. MCCARTHY, SR.

I, Michael J. McCarthy, Jr., Executive Vice Prosident of A.H. Belo Corporation, do hereby affirm that I have read the attached comments and verified, to the best of my knowledge, the factual statements contained therein. I declare under penalty of perjury that the foregoing is true and correct.

Michael J. McCarthy, Sr.

EXHIBIT 1











